

IRS TAX RELIEF DURING PRESIDENTIAL DISASTER DECLARATIONS

On June 7, 2004, the President declared twenty-four counties in the State of West Virginia eligible for Individual Assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("Presidential Disaster Area"). The declaration covers damages from severe storms, flooding, and landslides that occurred May 27, 2004, and continuing. These storms caused property damage and destruction, posing hardships to some taxpayers located in these counties. If the President declares additional counties eligible for Individual Assistance, these provisions will also apply to them.

For purposes of the following filing and payment relief, "affected taxpayers" include taxpayers whose principal residence or principal place of business is located in the Presidential Disaster Area, taxpayers whose tax records are located in the Presidential Disaster Area, and relief workers.

Relief Provisions Which Apply to All Taxpayers in the Presidential Disaster Area - (Designated Disaster Areas)

- In general, field enforcement activities are not being suspended automatically. However, any enforcement-related written or telephone contact made with taxpayers in the Presidential Disaster Area from any of the IRS Operating Divisions should begin with an assessment of the impact of the storm(s) on the taxpayer and should provide an opportunity to defer action for a reasonable period of time. For those returns included in the National Research Program (NRP), an NRP examiner will first assess the affected taxpayer's situation. The examiner may then request an exclusion of the taxpayer's return from the program. The NRP Office will make a final determination. Please see the Law Enforcement Manual, Section 4.22.4, for more information on exclusions.
- User fees should be waived for requests of photocopies of tax returns and all requests from taxpayers in the impacted areas should be expedited. These requests, when filed, should be labeled across the top margin in red, "May Storms - West Virginia."

Relief Provisions Which Apply to Only Those Taxpayers in the Presidential Disaster Area Who Self-Identify

- Affected taxpayers that have an original return (including income, estate, gift, generation-skipping transfer, employment and certain excise tax returns) due date that falls between May 27, 2004 and August 9, 2004, are granted an extension of time to file until August 9, 2004, under IRC Section 6081.
- Affected taxpayers that have an extended return due date that falls between May 27, 2004, and August 9, 2004, are granted an extension of

time to file until August 9, 2004, under IRC Section 6081. To the extent that any taxpayers are not eligible for the full extension of time to file because extensions are limited to six months by IRC Section 6081, then those taxpayers are granted additional time to file until August 9, 2004, under IRC Section 7508A.

- Affected taxpayers that have a payment of tax due between May 27, 2004, and August 9, 2004, are granted an extension of time to pay until August 9, 2004, under IRC Section 6161.
- Affected taxpayers that have an estimated tax payment originally due on or after May 27, 2004, will not be subject to penalties for failure to pay estimated tax installments as long as such payments are paid by August 9, 2004.
- Affected taxpayers that need to perform time-sensitive actions described in Treasury Regulation § 301.7508A-1(c)(1) and Revenue Procedure 2004-13, 2004-4 IRB 335, that fall between May 27, 2004, and August 9, 2004, are granted additional time to act until August 9, 2004.
- For affected taxpayers who have self-identified in order to receive filing and/or payment extensions (as described in the preceding bullets) the failure to file and pay penalties and interest will be abated for the period beginning May 27, 2004, or the original due date, if later, and ending August 9, 2004. These returns, when filed, should be labeled across the top margin in red, "May Storms - West Virginia."
- The filing relief listed above also applies to Form 5500 series returns (that were required to be filed between May 27, 2004, and August 9, 2004) in the manner described in Section 8 of Revenue Procedure 2004-13, 2004-4 IRB 335. Unlike the other returns described above, the Form 5500 should NOT be labeled to indicate this relief. Instead, affected taxpayers should check Box D in Part 1 and attach a statement to the form in accordance with the instructions.

This extension to file and pay does not apply to information returns (other than Form 5500 series), or employment and excise tax deposits; however, penalties on deposits due during this period may be abated based on reasonable cause, as long as the tax deposit was made by June 7, 2004.